

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: Jackson County Medical Care Facility	County Jackson
Audit Date December 31, 2004	Opinion Date February 3, 2005	Date Accountant Report Submitted To State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address	City	State	ZIP
Accountant Signature 			

Jackson County Medical Care Facility

**Financial Report
with Additional Information
December 31, 2004**

Jackson County Medical Care Facility

Contents

Report Letter	I
Financial Statements	
Balance Sheet	2
Statement of Revenue, Expenses, and Changes in Net Assets	3
Statement of Cash Flows	4-5
Notes to Financial Statements	6-13
Additional Information	14
Report Letter	15
Schedule of Net Service Revenue	16
Schedule of Operating Expenses	17



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Independent Auditor's Report

To the Jackson County Family
Independence Agency Board
Jackson County Medical Care Facility

We have audited the accompanying balance sheet of Jackson County Medical Care Facility (a component unit of Jackson County) as of December 31, 2004 and 2003 and the related statements of revenue, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jackson County Medical Care Facility at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements do not present the management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Plante & Moran, PLLC

February 3, 2005

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Jackson County Medical Care Facility

Balance Sheet

	December 31, 2004	December 31, 2003
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 1,820,510	\$ 1,672,942
Resident accounts receivable (Note 3)	986,967	891,386
Other receivables - County (Note 6)	123,000	123,000
Other current assets	155,856	301,061
Total current assets	3,086,333	2,988,389
Assets Limited as to Use (Note 2)	242,350	120,971
Property and Equipment (Note 4)	17,940,296	18,465,351
Total assets	\$ 21,268,979	\$ 21,574,711
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 125,803	\$ 149,987
Current portion of long-term debt (Note 5)	325,000	275,000
Current portion of deferred capital lease	8,565	8,108
Funds held for residents	10,861	10,064
Estimated third-party payor settlements	175,000	175,000
Accrued liabilities and other:		
Accrued compensation and related liabilities	128,067	340,757
Accrued compensated absences	272,711	270,656
Accrued interest	136,142	146,454
Deferred revenue	60,625	114,661
Total current liabilities	1,242,774	1,490,687
Long-term Debt (Note 5)	14,625,000	14,950,000
Deferred Revenue - Capital lease	542,164	550,729
Net Assets		
Invested in capital assets - Net of related debt	2,990,296	3,240,351
Unrestricted	1,868,745	1,342,944
Total net assets	4,859,041	4,583,295
Total liabilities and net assets	\$ 21,268,979	\$ 21,574,711

Jackson County Medical Care Facility

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended	
	December 31, 2004	December 31, 2003
Operating Revenue		
Net service revenue	\$ 12,223,037	\$ 11,463,490
Other operating revenue	109,172	105,361
Proportionate share reimbursement	407,830	283,328
Total operating revenue	12,740,039	11,852,179
Operating Expenses		
Salaries	6,697,695	6,547,222
Other expenses	4,947,172	5,072,068
Total operating expenses	11,644,867	11,619,290
Operating Income	1,095,172	232,889
Other Income (Expense)		
Interest income	6,287	11,347
Other income	8,108	7,675
Interest expense	(833,821)	(862,521)
Total other expense	(819,426)	(843,499)
Increase (Decrease) in Net Assets	275,746	(610,610)
Net Assets - Beginning of year	4,583,295	5,193,905
Net Assets - End of year	<u>\$ 4,859,041</u>	<u>\$ 4,583,295</u>

Jackson County Medical Care Facility

Statement of Cash Flows

	Year Ended	
	December 31, 2004	December 31, 2003
Cash Flows from Operating Activities		
Cash received from residents and third-party payors	\$ 12,127,456	\$ 11,314,552
Cash paid to employees and suppliers	(11,322,126)	(11,096,086)
Cash received from proportionate share program	353,794	227,988
Other operating receipts	109,172	105,361
Net cash provided by operating activities	1,268,296	551,815
Cash Flows from Investing Activities		
Resident trust deposits (withdrawals) - Net	797	(484)
Interest received	6,287	11,347
Net cash provided by investing activities	7,084	10,863
Cash Flows from Capital and Related Financing Activities		
Principal payments on long-term debt	(275,000)	(275,000)
Interest paid on long-term debt	(833,821)	(862,521)
Purchase of property and equipment	(17,612)	(50,517)
Cash received on prepaid lease	120,000	120,000
Net cash used in capital and related financing activities	(1,006,433)	(1,068,038)
Net Increase (Decrease) in Cash and Cash Equivalents	268,947	(505,360)
Cash and Cash Equivalents - Beginning of year	1,793,913	2,299,273
Cash and Cash Equivalents - End of year	\$ 2,062,860	\$ 1,793,913
Balance Sheet Classification of Cash		
Current assets	\$ 1,820,510	\$ 1,672,942
Assets limited as to use	242,350	120,971
Total cash	\$ 2,062,860	\$ 1,793,913

Jackson County Medical Care Facility

Statement of Cash Flows (Continued)

A reconciliation of operating income to net cash from operating activities is as follows:

	Year Ended	
	December 31, 2004	December 31, 2003
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 1,095,172	\$ 232,889
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	542,667	540,747
Provision for bad debts	45,000	59,520
(Increase) decrease in assets:		
Resident accounts receivable	(140,581)	116,542
Other current assets	25,205	75,122
Decrease in liabilities:		
Increase (decrease) in accounts payable	(24,184)	(21,329)
Increase (decrease) in other accrued expenses	(220,947)	(71,336)
Increase (decrease) in third-party settlement payables	-	(325,000)
Deferred revenue	(54,036)	(55,340)
Net cash provided by operating activities	<u>\$ 1,268,296</u>	<u>\$ 551,815</u>

There were no significant noncash investing, capital, and financing activities for 2004 and 2003.

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note 1 - Nature of Business and Significant Accounting Policies

Jackson County Medical Care Facility (the "Facility") is a 194-bed, long-term care facility owned and operated by Jackson County (the "County"). It is governed by the Jackson County Family Independence Agency Board. This Board consists of three members, two of whom are appointed by the County Board of Commissioners and one appointed by the Michigan governor. Further, the County Board of Commissioners approves the Facility's revenue and expenses as a line item in the County budget.

The accounting policies of the Facility conform to accounting principles generally accepted in the United States of America as applicable to local governmental units. Because the Facility provides a service to citizens that is financed primarily by a user charge, the Facility uses Enterprise Fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Enterprise Fund Accounting - The Facility uses Enterprise Fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Facility has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Basis for Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The Facility follows the "business-type" activities reporting requirements of GASB Statement No. 34, which provides a comprehensive look at the Facility's financial activities.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those amounts.

Cash and Cash Equivalents - Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Assets Limited as to Use - Assets limited as to use include primarily assets set aside by the Board of Trustees for future capital improvement, over which the Board retains control, and may, at its discretion, subsequently use for other purposes.

Property and Equipment - Property and equipment amounts are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Equipment under capital leases is amortized on the straight-line method over the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Costs of maintenance and repairs are charged to expense when incurred.

Compensated Absences - Compensated absences are charged to operations when earned. Unused benefits are recorded as a current liability in the financial statements.

Resident Funds - The Facility maintains various bank accounts for deposits and disbursements for the residents' personal expenses. These funds are assets of the residents. At December 31, 2004 and 2003, the funds totaled \$10,861 and \$10,064, respectively.

Proportionate Share Reimbursement Program - During the years ended December 31, 2004 and 2003, the Facility participated in this program sponsored by the State of Michigan.

In 2004, two transactions were completed. The first transaction, in June, was recorded in revenue in relation to the state fiscal year ended September 30, 2004. The second transaction in October was for the state fiscal year ending September 30, 2005 and therefore was recognized one quarter in revenue and three quarters in deferred revenue. The first transaction included an amount equal to approximately 3 percent of the annual Medicaid reimbursement in lieu of the normal administrative adjustment or inflation factor.

In 2003, two transactions were completed. The first transaction in September was recorded in revenue in relation to the state fiscal year ended September 30, 2003. The second transaction in October was for the state fiscal year ended September 30, 2004 and therefore was recognized one quarter in revenue and three quarters in deferred revenue.

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note I - Nature of Business and Significant Accounting Policies (Continued)

Classification of Net Assets - Net assets of the Facility are classified in two components. Net assets invested in capital assets net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net assets are remaining net assets that do not meet the definition of investment in capital assets, net of related debt, or restricted.

Service Revenue - The Facility's principal activity is operating a long-term health care facility for the elderly. Revenue is derived from participation in Medicaid and Medicare programs, as well as from private-pay residents. Amounts earned under the Medicaid and Medicare programs are subject to review and audit by the third-party payors, and make up a significant portion of revenue earned during each year, as follows:

	<u>2004</u>	<u>2003</u>
Percent of revenue:		
Medicaid	84 %	85 %
Medicare	9 %	7 %

The payment methodology related to these programs is based on cost and clinical assessments that are subject to review and final approval by Medicaid and Medicare. Any adjustment that is a result of this final review and approval will be recorded in the period in which the adjustment is made. In the opinion of management, adequate provision has been made for any adjustments that may result from such third-party review.

Medicaid reimburses the Facility for inresident routine service costs, on a per diem basis, prospectively determined. Services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon clinical assessments completed by the Facility that are subject to review and final approval by Medicare.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes they are in compliance with all applicable laws and regulations and are not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Operating Revenues and Expenses - The Facility's statement of revenue, expenses, and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Facility's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonexchange revenues, including taxes, interest, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Interest expense is reported as a nonoperating expense.

Note 2 - Deposits

The Facility's deposits are composed of the following:

	2004		2003	
	Cash	Cash Limited as to Use	Cash	Cash Limited as to Use
Deposits:				
County	\$1,611,112	\$ 242,350	\$1,363,099	\$ 120,971
Bank	209,398	-	309,843	-
Total	<u>\$1,820,510</u>	<u>\$ 242,350</u>	<u>\$1,672,942</u>	<u>\$ 120,971</u>

Cash - County Treasurer - These funds were under the control of the County Treasurer, who deposited these funds with a bank. It is impractical to determine the amount covered by federal depository insurance as these funds are only a portion of the entire County deposits.

Cash - Bank - The deposits are reflected in the accounts of the bank (without recognition of checks written, but not yet cleared, or of deposits in transit) at \$328,652 and \$358,099 at December 31, 2004 and 2003, respectively. The federal depository insurance coverage pertains to all the deposits of the County; hence, the specific coverage pertaining to the Facility's deposits is not determinable.

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note 3 - Resident Accounts Receivable

The details of resident accounts receivable are set forth below:

	2004	2003
Resident accounts receivable	\$ 1,261,912	\$ 1,307,262
Uncollectible accounts	(75,781)	(60,872)
Medicaid interim payment advances	(199,164)	(355,004)
Net resident accounts receivable	<u>\$ 986,967</u>	<u>\$ 891,386</u>
	2004	2003
Medicare	19 %	14 %
Medicaid	69 %	69 %
Other payors	12 %	17 %
Total	<u>100 %</u>	<u>100 %</u>

Note 4 - Property and Equipment

Cost of property and equipment and related depreciable lives for December 31, 2004 are summarized below:

	2003	Additions	Retirements	2004	Depreciable Life - Years
Buildings and improvements	\$ 18,076,242	\$ -	\$ -	\$ 18,076,242	20-40
Movable equipment	1,043,766	17,612	-	1,061,378	5-20
Total	19,120,008	17,612	-	19,137,620	
Less accumulated depreciation:					
Buildings and improvements	485,364	449,816	-	935,180	
Movable equipment	169,293	92,851	-	262,144	
Total	654,657	542,667	-	1,197,324	
Net carrying amount	<u>\$ 18,465,351</u>	<u>\$ (525,055)</u>	<u>\$ -</u>	<u>\$ 17,940,296</u>	

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note 4 - Property and Equipment (Continued)

Cost of property and equipment and related depreciable lives for December 31, 2003 are summarized below:

	2002	Additions	Retirements	2003	Depreciable Life - Years
Buildings and improvements	\$ 18,076,242	\$ -	\$ -	\$ 18,076,242	20-40
Movable equipment	993,249	50,517	-	1,043,766	5-20
Total	19,069,491	50,517	-	19,120,008	
Less accumulated depreciation:					
Buildings and improvements	36,878	448,486	-	485,364	
Movable equipment	77,032	92,261	-	169,293	
Total	113,910	540,747	-	654,657	
Net carrying amount	\$ 18,955,581	\$ (490,230)	\$ -	\$ 18,465,351	

Note 5 - Long-term Debt

Long-term liability activity for the year ended December 31, 2004 was as follows:

	2003	Additions	Repayments	2004
Bonds payable - Jackson County Building Authority	\$ 5,225,000	\$ -	\$ (275,000)	\$ 4,950,000

Long-term liability activity for the year ended December 31, 2003 was as follows:

	2002	Additions	Repayments	2003
Bonds payable - Jackson County Building Authority	\$ 5,500,000	\$ -	\$ (275,000)	\$ 5,225,000

The bonds payable are summarized as follows:

- The Facility entered into a capital lease arrangement with the County of Jackson, in which the Facility will make lease payments to the County equal to the required principal and interest payments on the bonds acquired by the County.
- Interest rates range from 5.3 percent to 5.6 percent with a final maturity of May 1, 2030. Interest is due semiannually on May 15 and November 15. Principal is due annually on May 15, beginning in 2003 through 2030.

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note 5 - Long-term Debt (Continued)

The following is a schedule by years of bond principal and interest as of December 31, 2004:

<u>Year</u>	<u>Bond Payable</u>	<u>Bond Interest</u>
2005	\$ 325,000	\$ 825,788
2006	325,000	807,913
2007	325,000	790,038
2008	325,000	772,163
2009	375,000	752,913
2010 to 2014	2,175,000	3,425,675
2015 to 2019	2,825,000	2,726,500
2020 to 2024	3,375,000	1,854,300
2025 to 2029	4,000,000	831,600
2030	900,000	25,200
Total payments	<u>\$ 14,950,000</u>	<u>\$ 12,812,090</u>

Note 6 - Related Party Transactions

Postretirement Benefits - The Facility provides health and life insurance benefits for retired employees. Substantially all of the Facility's employees may become eligible for the benefits if they reach normal retirement age while working for the Facility. Currently, 108 retirees are receiving benefits. Under an agreement with the County, the Facility is responsible for the costs of health care benefits for all employees who retired during or subsequent to 1989. Included in the Facility's annual expenses is approximately \$420,000 and \$450,000 of costs paid for retirees' health and life insurance for the years ended December 31, 2004 and 2003, respectively.

At December 31, 2004 and 2003, the Facility has recorded a receivable from the County of \$123,000 for a duplicate payment made by the Facility for health insurance costs applicable to 1997.

Maintenance of Effort (M.O.E.) - M.O.E. is a County obligation to the State of Michigan. Every month, the County receives a bill from the State of Michigan for each Medicaid patient day approved by the State during that month. Expenses relating to M.O.E. are not included in these financial statements as they were paid directly by the County.

Jackson County Medical Care Facility

Notes to Financial Statements December 31, 2004 and 2003

Note 7 - Defined Benefit Multiple-Employer Pension Plan

Plan Description - The Facility participates in the Jackson County Employees' Retirement System, which is a multiple-employer defined benefit pension plan that covers individuals who are employed for personal service in a membership position, as defined in the retirement system by-laws of the County, who work 960 or more hours during the County's fiscal year, and elect to receive coverage. The plan provides retirement benefits, as well as death and disability benefits, to plan members and their beneficiaries. The Jackson County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing the Jackson County Employees' Retirement System Board of Trustees, County Tower Building, 120 West Michigan Avenue, Jackson, Michigan 49201.

Funding Policy - The obligation to contribute to and maintain the system for covered employees was established in the Jackson County Employees' Retirement System, as amended January 1, 1996, and requires an employee contribution of 2.5 percent of payroll. The Facility's contribution requirement is actuarially determined and is equal to the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 10 years. The Facility has not been required to contribute to the plan for the plan years ended December 31, 2004, 2003, and 2002.

Note 8 - Risk Management

The Facility is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Facility has purchased commercial insurance for medical benefit claims and workers' compensation and participates in the County's insurance plan with the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

Additional Information



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To the Jackson County Family Independence
Agency Board
Jackson County Medical Care Facility

We have audited the financial statements of Jackson County Medical Care Facility as of December 31, 2004 and 2003. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of net service revenue and operating expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

February 3, 2005

Jackson County Medical Care Facility

Schedule of Net Service Revenue

	Year Ended December 31	
	2004	2003
Skilled Nursing Services		
Daily net room revenue:		
Medicaid	\$ 10,242,203	\$ 9,459,919
Medicare	1,036,875	764,385
Private pay and other	922,387	963,647
Total daily net room revenue	12,201,465	11,187,951
Ancillary revenue:		
Pharmacy	321,402	233,876
Therapy services	942,353	716,294
Other ancillary services	177,422	159,062
Total ancillary revenue	1,441,177	1,109,232
Gross skilled nursing services revenue	13,642,642	12,297,183
Revenue deductions:		
Provision for contractual discounts	1,374,605	774,173
Bad debt expense	45,000	59,520
Net Service Revenue	\$ 12,223,037	\$ 11,463,490

Jackson County Medical Care Facility

Schedule of Operating Expenses

	Year Ended December 31			
	2004			2003
	Salaries	Other	Total	Total
Fringe benefits	\$ -	\$ 1,957,626	\$ 1,957,626	\$ 2,185,890
Administration	455,470	291,966	747,436	778,834
Plant operations	185,252	136,794	322,046	329,761
Utilities	-	265,292	265,292	233,341
Laundry	79,983	114,701	194,684	205,061
Housekeeping	331,345	98,439	429,784	432,572
Dietary	633,086	538,279	1,171,365	1,127,548
Medical records	-	24,106	24,106	23,400
Social services	100,790	5,568	106,358	118,669
Diversional therapy	162,073	16,761	178,834	173,640
Other ancillary services	-	23,539	23,539	15,400
Therapy services	371,659	44,944	416,603	387,978
Pharmacy	-	273,605	273,605	207,990
Nursing	4,267,961	612,885	4,880,846	4,780,530
Staff development	110,076	-	110,076	77,929
Depreciation	-	542,667	542,667	540,747
2004 total	<u>\$ 6,697,695</u>	<u>\$ 4,947,172</u>	<u>\$ 11,644,867</u>	
2003 total	<u>\$ 6,547,222</u>	<u>\$ 5,072,068</u>		<u>\$ 11,619,290</u>